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Latour Rey Lafferty

FLORIDA STATE UNIVERSITY
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LATOUR REY LAFFERTY*

I. INTRODUCTION

A GIANT LEAP — DEAL SET TO BRING GIANTS TO DOME. This *St. Petersburg Times* headline was supposed to mark a historic achievement for Florida baseball fans. Instead, Tampa Bay's fifteen year struggle to acquire a major league professional baseball team turned into an apparition. The date was August 8, 1992, and a Tampa Bay investment group had just announced an "agreement in principle" with San Francisco Giants owner Bob Lurie to purchase the Giants and move the team to the Florida Suncoast Dome, now known as the Thunderdome, in St. Petersburg. The obstacle: approval of the sale by Major League Baseball (MLB).[1]

The events subsequent to this announcement are no secret to any average sports fan. On November 10, 1992, the National League voted 9 to 4 to keep the Giants in San Francisco,[2] and thus, MLB declined approval of the sale and relocation. The proffered reason for the vote of disapproval was a "general reluctance" to relocate baseball teams.[3] Philadelphia Phillies owner Bill Giles, a Tampa Bay supporter and one of the National League owners who participated in the secret ballot, stated that there is a "very large sentiment to not moving franchises if a good citizen group steps to the table with the money

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* Latour Lafferty is currently a judicial law clerk for the Honorable John H. Moore II, Chief Judge, Middle District of Florida. B.A., University of Florida, 1989; J.D., Stetson University College of Law, 1992. The opinion expressed herein is solely that of Mr. Lafferty and does not necessarily represent that of Judge Moore or the federal judiciary.

1. The sale and relocation required approval by a majority of American League owners (8 of 14) and three-fourths of National League owners (10 of 14), and Fay Vincent, the Commissioner of Major League Baseball. *See* Alan Truex, *Playoff Expansion Favored; Poll: Owners also want Realignment, Interleague Play*, THE HOUS. CHRON., Mar. 5, 1993, at Sports 1.

2. Murray Chass, *Look What Wind Blew Back: Baseball's Giants*, N.Y. TIMES, Nov. 11, 1992, at B11.

3. Marc Topkin, *Filling Loopholes Sealed Deal for S.F.*, ST. PETERSBURG TIMES, Nov. 12, 1992, at 1A, 6A.

[to keep the team in San Francisco]."[4] National League President Bill White characterized MLB's decision-making process as being fair.[5]

Was the process that denied Tampa Bay's effort to purchase the Giants really fair? The "agreement in principle" between the Tampa investment group and Bob Lurie contained a provision precluding Lurie from considering or accepting any other offers for the Giants pending MLB's review of the Tampa Bay offer.[6] Yet on September 4, 1992, the same day the Tampa Bay group submitted its application to MLB for approval, the chairman of MLB's Ownership Committee, Ed Kuhlman, directed Lurie to consider other offers in addition to Tampa Bay's offer. On September 9, 1992, Bill White invited George Shinn, a North Carolina businessman, to make a competing offer for the Giants.[7] Both of these acts violated Lurie's exclusive agreement with Tampa Bay.[8]

If these public actions are insufficient to raise doubts as to the fairness of MLB's decision-making process, the behind-the- scenes actions of Los Angeles Dodgers owner Peter O'Malley and Florida Marlins owner Wayne Huizenga may. O'Malley, who publicly opposed the sale and relocation of the Giants, actively lobbied votes against the deal "in the best interests of baseball."[9] O'Malley's best interest was the continuing regional rivalry between the Dodgers and Giants. Ironically, it was O'Malley's father who, in the best interests of the Dodgers, moved the team from Brooklyn to Los Angeles. Huizenga, on the other hand, publicly supported the sale and relocation of the Giants, but allegedly worked deviously for months to prevent approval.[10] Huizenga, of course, was awarded the Florida Marlins expansion team over Tampa Bay in 1991. Notably, the chairman of the Expansion Committee in charge of selecting the expansion cities in 1991 was Ed Kuhlman.

Although Tampa Bay residents may dispute White's characterization of the decision-making process as fair, the critical issue is whether it was legal. MLB's blatant indifference to the terms of Tampa Bay's agreement with Lurie raises the issue of potential antitrust violations

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4. *Id.*
5. *Id.*
6. Piazza v. Major League Baseball, 831 F. Supp. 420, 422 (E.D. Pa. 1993).
7. *Id.* at 423.
8. Ed Kuhlman also publicly questioned the personal backgrounds of several Tampa Bay investors. *Id.* at 422-23. Kuhlman's concern apparently involved their financial capability and "something" that had shown up on a security check of the "Pennsylvania People." *Id.* On September 12, 1992, Kuhlman admitted that "there was no problem with the security check." *Id.*
9. *Nice Guys Finish Last*, ST. PETERSBURG TIMES, Nov. 11, 1992, at 18A.
10. *Id.*

and MLB's unique antitrust exemption. Vincent M. Piazza, a member of the Tampa Bay investment group, has since filed suit against MLB, charging it with antitrust violations. Piazza's suit alleges MLB monopolizes the market for professional baseball and places both direct and indirect restraints on the purchase, sale, transfer, relocation of, and competition for, professional baseball teams.[11] Piazza, in his attempt to hold MLB responsible for its alleged illegal actions, has thus challenged the continuing vitality of the MLB antitrust exemption.

This Article questions the prudence of the Major League Baseball antitrust exemption and argues that the exemption should be limited to antitrust violations involving the labor market in the context of player restraint. First, the Article briefly summarizes federal antitrust laws and then delineates the United States Supreme Court's trilogy of decisions granting and upholding the unique antitrust exemption afforded Major League Baseball. Second, the Article identifies the impact collective bargaining and the labor law antitrust exemption has on the utility of this exemption in modern labor disputes. Third, the Article analyzes the United States District Court's decision in *Piazza v. Major League Baseball* and argues that the antitrust exemption should not be applicable to potential product market violations as in *Piazza*. Although the Article reaches a conclusion on the sensible applicability of the antitrust exemption, it leaves to sports fans the debate of the fairness of MLB's actions in denying Tampa Bay's continuing effort to acquire a professional baseball team.

II. THE MLB ANTITRUST EXEMPTION

A. *The Sherman Antitrust Act*

Federal antitrust laws are intended to encourage free trade by preventing anti-competitive behavior involving interstate commerce.[12] The Sherman Antitrust Act of 1890[13] contains two provisions that restrict the regulatory authority of MLB. These provisions are generally referred to as Sherman I[14] and Sherman II,[15] and both further the leg-

11. *Piazza*, 831 F. Supp. at 424.

12. GEORGE W. SCHUBERT ET AL., SPORTS LAW §3.2 (1986) [hereinafter SPORTS LAW].

13. 15 U.S.C. §§ 1-7 (1988).

14. "Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal." *Id.* at §1.

15. "Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony. . . ." *Id.* at §2.

islative intent of promoting a business environment with unrestricted competition.[16] Sherman I deems illegal conspiracies to contract that unreasonably restrain trade in interstate commerce. However, not all contracts that restrain interstate commerce are illegal; only contracts that are found to be unreasonable violate Sherman I.[17] Sherman II, on the other hand, prohibits conduct that monopolizes interstate commerce. It is directed against monopoly power, or the power to exclude competition, and is measured by the market share the monopolizer controls in a particular area of interstate commerce.[18]

Both antitrust provisions can regulate professional sports. However, the conspiracy requirement of Sherman I makes Sherman II the more applicable provision in disputes between owners and players involving the labor market in the player restraint context. Essentially, Sherman II proscribes a monopolist's predatory conduct that is intended to maintain market position.[19] This may involve any action by a monopolist to maintain or expand its market share against challenges from a new entrant into that market.[20] Thus, the monopoly maintained by regulatory entities over professional sports makes Sherman II restrictions a prime basis for litigation.[21] Any attempt by the regulatory entity to restrict the entry of a new participant into the regulated sport's product market (i.e., the professional baseball market) raises Sherman II antitrust concerns.

B. The Supreme Court Trilogy

The origin and continuing vitality of MLB's antitrust exemption, which began more than seventy years ago, was established through a trilogy of Supreme Court decisions. Unlike other professional sport regulatory entities,[22] MLB has enjoyed an antitrust exemption since 1922. The business of baseball was exempted from the Sherman Antitrust Act in the landmark decision *Federal Baseball Club of Balti-*

16. SPORTS LAW, *supra* note 12, at §3.2.
17. *Id.*
18. *Id.*
19. *Id.*
20. *Id.*
21. *Id.*
22. Other professional sports have been held subject to the Sherman Antitrust Act. *See*, Radovich v. Nat'l Football League, 352 U.S. 445 (1957) (Football); United States v. Int'l. Boxing Club of New York, Inc., 348 U.S. 236 (1955) (Boxing); Gunter Harz Sports, Inc. v. United States Tennis Ass'n., 665 F.2d 222 (8th Cir. 1981) (Tennis); Blalock v. Ladies Professional Golf Ass'n., 359 F. Supp. 1260 (N.D.Ga. 1973) (Golf); Philadelphia World Hockey Club, Inc. v. Philadelphia Hockey Club, Inc., 351 F. Supp. 462 (E.D.Pa. 1972) (Hockey); Washington Professional Basketball Corp. v. Nat'l Basketball Association, 147 F. Supp. 154 (S.D.N.Y. 1956) (Basketball).

more, Inc. v. National League of Professional Baseball Clubs,[23] when the Supreme Court held that the business of baseball did not constitute interstate commerce.

The Federal Baseball Club of Baltimore, Inc. (the "Baltimore Club") was formed in 1913 for the purpose of hosting baseball exhibitions.[24] The Baltimore Club was one member of the rival Federal League of Professional Baseball Clubs ("Federal League"), an administrative entity formed in 1913 for the purpose of providing baseball games during World War I.[25] In 1915, the Federal League, the National League, and the American League of Professional Baseball Clubs entered into an agreement whereby the Federal League and all its constituent clubs, except the Baltimore Club, would dissolve.[26]

In *Federal Baseball Club*, the Baltimore Club alleged that the National League conspired to monopolize the business of baseball by controlling the labor market for baseball players.[27] The Federal League claimed that due to the National League's monopoly, it was unable to provide baseball exhibitions to the public.[28] It was alleged that the National League controlled the labor market through the use of a reserve clause in player contracts that required each player to remain with its respective club after the season or be treated as ineligible for league play until the player had been formally reinstated by the National League.[29] Through this reserve clause, the National League allegedly controlled the market for baseball players and thus illegally monopolized interstate commerce.

The jury returned a verdict for the Baltimore Club,[30] but the District of Columbia Court of Appeals reversed and remanded the case with instructions to enter judgment for the National League.[31] The court of appeals said that the movement of baseball players and their equipment between each city and state, not the business of baseball itself, was interstate commerce.[32] The court found that the game of

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23. 259 U.S. 200 (1922).

24. Nat'l League of Professional Baseball Clubs v. Federal Baseball Club of Baltimore, Inc., 269 F. 681, 682 (D.C. Cir. 1920) *aff'd*, 259 U.S. 200 (1922).

25. *Id.* In addition to Baltimore, other cities such as Brooklyn, Pittsburgh, Buffalo, St. Louis, Kansas City, Indianapolis and Chicago formed clubs that were issued a franchise by the Federal League. *Id. See generally* THE BASEBALL ENCYCLOPEDIA (Joseph L. Reichler ed., 1985); LAWRENCE S. RITTER, THE GLORY OF THEIR TIMES (1966); 1 & 2 HAROLD SEYMOUR, BASEBALL (1990); 1 & 2 DAVID VOIGT, AMERICAN BASEBALL (1966).

26. 269 F. at 682.

27. *Id.* at 683.

28. *Id.*

29. *Id.* at 684.

30. *Id.* at 682.

31. *Id.* at 688.

32. *Id.* at 685.

baseball itself is not susceptible to being transferred from state to state.[33] Thus, baseball's effect on interstate commerce was merely incident to the game and not an antitrust violation.[34]

This decision was subsequently affirmed by the United States Supreme Court,[35] where Justice Holmes agreed with the court of appeals that the business of professional baseball was a state affair and that the reserve clause did not affect interstate commerce.[36] Thus, by narrowly defining interstate commerce to include the transportation of players and equipment, but not the game of baseball with its player contract reserve clause, the Supreme Court created the MLB antitrust exemption. The exemption was premised upon the finding that baseball was not interstate commerce.

Over the years, the Supreme Court has twice revisited the issue of MLB's antitrust exemption, both times upholding the exemption based on precedent and leaving any abrogation to Congress. In *Toolson v. New York Yankees, Inc.*,[37] the Supreme Court upheld the exemption with the understanding that the exemption's abrogation should be left to legislation.[38] Justice Burton wrote in dissent that the nature of the game, with its distinct place in American tradition, justified the Court's reliance on legislative abrogation.[39] However, Justice Burton noted that the responsibility of recanting the exemption is a judicial responsibility, due to Congress's apparent unwillingness to overrule the exemption.[40] Indeed, Justice Burton characterized baseball as a "highly organized" sport that "amount[s] to an interstate monopoly."[41]

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33. *Id.*

34. *Id.* The court of appeals held that the antitrust statute does not apply when the effect on interstate commerce is indirect rather than direct. *Id.* at 686-87. The court stated that if the necessary effect on interstate commerce is to incidentally or indirectly restrict commerce, while its primary effect is to promote the trade or increase the business of baseball, it does not violate the law. *Id.* at 687.

35. Federal Baseball Club of Baltimore, Inc. v. Nat'l League of Professional Baseball Clubs, 259 U.S. 200 (1922).

36. *Id.* at 209.

37. 346 U.S. 356 (1953).

38. The Supreme Court stated that "[w]e think that if there are evils in this field [baseball] which now warrant application to it of the antitrust laws it should be by legislation." *Id.* at 357.

39. Justice Burton wrote:

> Conceding the major asset which baseball is to our Nation, the high place it enjoys in the hearts of our people and the possible justification of special treatment for organized sports which are engaged in interstate trade or commerce, the authorization of such treatment is a matter within the discretion of Congress.

Id. at 364.

40. *Id.*

41. *Id.*

The Supreme Court's reluctance to abrogate the exemption in *Toolson* appears to have been founded upon two concerns: first, Congress's refusal to act, and second, the retroactive effect of its decision. The Court framed the issue as whether to overrule *Federal Baseball* and apply Federal antitrust laws retrospectively.[42] In upholding *Federal Baseball*, the Court noted that Congress had considered the issue and chose not to subject baseball to antitrust laws through legislation "having prospective effect."[43] Thus, the Supreme Court decided that the issue was a legislative concern rather than a judicial one.

The MLB antitrust exemption remained unscathed for another twenty years until the Supreme Court arguably limited the precedential effect of *Federal Baseball*, and the antitrust exemption, to MLB's reserve clause. In *Flood v. Kuhn*,[44] a disgruntled player challenged the reserve clause under federal antitrust laws after he was traded in 1969 from the St. Louis Cardinals to the Philadelphia Phillies.[45] Unhappy about the Cardinals' failure to consult him regarding the trade and the fact that the reserve clause precluded him from playing baseball for the team of his choice in 1970, Flood filed suit and sat out the 1970 season.[46] The Supreme Court once again upheld *Federal Baseball*, citing the longstanding, albeit inconsistent and illogical, status of the exemption.[47] Further, the Supreme Court reiterated its concerns expressed in *Toolson* regarding congressional inactivity and the retrospective application of its decisions.[48]

Although it upheld *Federal Baseball*, the Supreme Court made several determinations that significantly undermine its rationale. The Court first analyzed the legal background of the exemption and its effect on professional sports other than baseball.[49] This background provides rare insight into the policy reasons that may have supported the Court's decision in 1922. Noting the special place professional baseball has in the hearts of Americans,[50] the Court's analysis deline-

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42. *Id.* at 357.

43. *Id.*

44. 407 U.S. 258 (1972).

45. Flood's request that he be made a free agent permitting him to strike a deal with any other club was denied by the Commissioner of Baseball. *Id.* at 265.

46. *Id.* at 266. After the 1970 season, Philadelphia "sold its rights to Flood to the Washington Senators." Flood played briefly for the Senators in 1971, but quit due to disappointment with his performance; he never played professional baseball again. *Id.* at 266.

47. *Id.* at 282.

48. *Id.* at 283-84. The Court stated that at least there is a level of consistency in upholding *Federal Baseball*, "even though some might claim that beneath that consistency is a layer of inconsistency." *Id.* at 284.

49. *See Id.* at 276-81.

50. The Court quoted the District Court's Opinion below as stating:

ates the belief that the "protective canopy" spread over baseball and its reserve clause is "[w]hat really saved baseball, legally at least. . . ."[51] The Court's analysis went on to note that, "[T]he overwhelming preponderance of the evidence established baseball's need for some sort of reserve clause. Baseball's history shows that chaotic conditions prevailed when there was no reserve clause. Experience points to no feasible substitute to protect the integrity of the game or to guarantee a comparatively even competitive struggle."[52]

With this unique policy insight in perspective, the Court outlined its subsequent refusal to expand the antitrust exemption to other professional sports.[53] The Court rationalized its decisions as a "narrow application of the rule of *stare decisis*."[54] The issue, the Court stated, is not whether baseball's antitrust exemption should be expanded, but whether a new exemption should be granted.[55]

Accordingly, after rationalizing the exemption and its limitation to professional baseball, the Court made several findings potentially undercutting *Federal Baseball*'s precedential value. The Court first concluded, in stark contrast to Justice Holmes' opinion in 1922, that professional baseball is a business engaged in interstate commerce.[56] However, the Court went on to find that the advent of radio and television, with their corresponding increased coverage and revenues, still did not compel overruling *Federal Baseball*.[57] In addition, the Court found that MLB's unique antitrust exemption is limited to baseball and that Congress's silence on the matter may be deemed as passive approval.[58] Finally, in reiterating its concern about retroactivity prob-

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> Baseball has been the national pastime for over one hundred years and enjoys a unique place in our American heritage. . . .
>
> Baseball's status in the life of the nation is so pervasive that it would not strain redulity to say the Court can take judicial notice that baseball is everybody's business.

Id. at 266 (quoting Flood v. Kuhn, 309 F. Supp. 793, 797 (S.D.N.Y. 1970)).

51. *Id.* at 270 n.10 (quoting 2 HAROLD SEYMOUR, BASEBALL 420 (1971)).

52. *Id.* at 272-73 (quoting the HOUSE COMM. ON THE JUDICIARY, REPORT OF THE SUBCOMMITTEE ON STUDY OF MONOPOLY POWER, H.R. Doc. No. 2002, 82d Cong., 2d Sess. (1952)).

53. *Id.* at 276-80. *See also* Haywood v. Nat'l Basketball Ass'n, 401 U.S. 1204 (1971); Radovich v. Nat'l Football League, 352 U.S. 445 (1957); United States v. Internat'l Boxing Club of New York, 348 U.S. 236 (1955).

54. 407 U.S. at 276 (quoting United States v. Shubert, 348 U.S. 222, 228-230 (1955), where the Court stated that "*Toolson* was a narrow application of the rule of *stare decisis*").

55. *Id.* at 276-77 (quoting United States v. Internat'l Boxing Club, 348 U.S. 236, 243 (1955)).

56. *Id.* at 282. However, it must be noted that although Justice Holmes held that the business of baseball was not interstate commerce, he did not rule out its potential to develop into interstate commerce. *Toolson*, 346 U.S. 356, 361 (1953) (citing Hart v. B.F. Keith Vaudeville Exchange, 262 U.S. 271, 274 (1923)).

57. *Flood*, 407 U.S. at 283.

58. *Id.* at 283-84.

lems, the Court stated that if *Federal Baseball* were to be overturned, it would be by legislative action.[59]

It is fair to assume that the MLB antitrust exemption was created in 1922 to protect a vital part of American heritage. Professional baseball's reserve clause was seen as a method of ensuring continuity and competition among baseball teams. Needless to say, the fact that individual players lost the ability of free choice was a small sacrifice for American heritage in 1922. Over the years, the Supreme Court has upheld this unique exemption in the name of precedent and the purported belief that if Congress wanted it changed, Congress would legislate it away. In sum, the distinct place professional baseball has in the hearts of Americans is accompanied by a distinct legal anomaly that purportedly once saved the day.

C. Collective Bargaining and the Reserve Clause

So what exactly is the reserve clause and why did the Supreme Court feel compelled to exempt it from federal antitrust law in 1922? The reserve clause originated in 1879 as a result of talented players frequently leaving teams and fueling higher salary demands.[60] Faced with the threat of huge economic losses, the club owners created a reserve clause that gave each club exclusive rights to their players' services for succeeding seasons.[61] It was believed by many, especially club owners, that this reserve clause would put an end to the spiraling salary demands that threatened professional baseball in the 1870s.[62]

Since 1879, players' associations and collective bargaining agreements have impacted the reserve clause, making federal labor law a relevant issue when addressing potential antitrust violations. Throughout the nineteenth century, labor unions were considered unlawful conspiracies in restraint of trade.[63] Unions and collective bargaining

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59. *Id.* at 284.

60. SPORTS LAW, *supra* note 12, at §6.1.

61. *Id.* The standard reserve clause that appeared in professional baseball contracts in the early 1970s provides in pertinent part, "The Player agrees that, while under contract, and prior to expiration of the Club's right to renew this contract, he will not play baseball otherwise than for the Club, except that the Player may participate in post-season games under the conditions prescribed in the Major League Rules." *See* Flood v. Kuhn, 407 U.S. 258, 260 n.1 (1972).

62. SPORTS LAW, *supra* note 12, at §6.1. It appears the Supreme Court shared this belief with the club owners when it exempted the reserve clause from federal antitrust law in *Federal Baseball*. Note, however, that while reserve clauses effectively prohibit players from negotiating contracts with other teams, they do not prevent players from negotiating contracts with the teams of other professional leagues. Hence, professional sports have been challenged by upstart leagues competing for the star player's services. *Id.* at §5.1A.

63. ROBERT A. GORMAN, BASIC TEXT ON LABOR LAW UNIONIZATION AND COLLECTIVE BARGAINING 621 (1976) [hereinafter LABOR LAW].

were believed to be the source of the general increase in the price of labor,[64] presumably including the increased salary demands in professional baseball. When the Sherman Antitrust Act was enacted in 1890, a provision excluding labor unions from its scope was eliminated during committee debate.[65] Consequently, labor unions were liable for antitrust violations.[66]

However, Congress enacted the National Labor Relations Act (NLRA)[67] in 1935 to encourage collective bargaining.[68] The NLRA authorizes collective bargaining and mandates that labor and management bargain with one another in good faith over wages, hours, or other terms or conditions of employment.[69] Thus, the NLRA exempts certain labor matters agreed upon through collective bargaining from federal antitrust laws.[70] Nonetheless, the NLRA is applied to an industry and the activities of that industry must be engaged in interstate commerce.[71]

Prior to 1935, professional baseball players made several unsuccessful attempts to challenge baseball's reserve clause. After the Supreme Court's decision in *Federal Baseball*, however, unionization and negotiation remained the sole method of protest.[72] Although the right of professional baseball players to organize and bargain collectively was established with the enactment of the NLRA in 1935, early attempts at forming a players' association were unsuccessful.[73] Through the efforts of the American Baseball Guild, created in 1946, players futilely attempted to supersede *Federal Baseball* by having baseball declared to be interstate commerce.[74] Finally, the Major League Baseball Play-

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64. *Id.*

65. *Id.*

66. *Id.* In 1914 Congress enacted the Clayton Act, seemingly in order to provide a labor exemption to antitrust laws. *See* 15 U.S.C. § 17 (1988). However, the Clayton Act was subsequently found not to be a labor exemption. LABOR LAW, *supra* note 63, at 622. See Gary R. Roberts, *Reconciling Federal Labor and Antitrust Policy: The Special Case of Sports League Labor Market Restraints*, 75 GEO. L.J. 19 (1986) for the argument that the Clayton Act should exempt league restraints on the labor market from federal antitrust laws.

67. The NLRA was first enacted as the Wagner Act and is codified at 29 U.S.C. §§ 151-169 (1988).

68. LABOR LAW, *supra* note 63, at 543.

69. 29 U.S.C. §158(d) (1988).

70. It has also been argued that section six of the Clayton Act authorizes an exemption from antitrust law for product labor restraints. *See* Gary R. Roberts, *Reconciling Federal Labor and Antitrust Policy: The Special Case of Sports League Labor Market Restraints*, 75 GEO. L.J. 19 (1986).

71. SPORTS LAW, *supra* note 12, at §6.3A.

72. *Id.* at § 6.1.

73. *Id.*

74. *Id.*

ers Association (MLBPA) was formed in 1953 and continues to represent professional baseball players today.[75]

Through collective bargaining, the MLBPA achieved some success in challenging baseball's reserve clause. In 1976, the MLBPA successfully challenged the clause in arbitration and won the right for players to become free agents after six years with their respective teams.[76] Although the reserve clause was not eradicated, this reserve system and the extent of player free agency has been a component of the collective bargaining agreement ever since.[77]

Similar to baseball, players associations formed in other sports as well.[78] These players associations derived their strength from the ability to utilize both antitrust laws and collective bargaining to gain concessions from owners.[79] However, baseball remains distinct from other sports due to the continuing vitality of its unique antitrust exemption. In professional baseball, collective bargaining is the sole method for professional baseball players to resolve labor disputes.

The limited success the MLBPA has achieved in challenging professional baseball's reserve system is in part due to the labor exemption provided to collective bargaining. The antitrust labor exemption was first recognized in the player restraint context in *Mackey v. National Football League*.[80] In *Mackey*, a player challenged the National Football League's reserve system, or "the Rozelle Rule."[81] The Eighth Circuit Court of Appeals recognized the applicability of the labor exemption to player restraint cases, but held it to be inapplicable in *Mackey*.[82] The court limited the labor exemption's applicability to cases where: (1) the restraint primarily affects only the parties to the collective bargaining agreement; (2) the matter sought to be exempted concerns a mandatory subject of collective bargaining;[83] and (3) the agreement is the product of bona fide arm's-length bargaining.[84]

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75. *Id.*

76. *Id.* at §6.2.

77. *Id.*

78. *Id.*

79. *Id.*

80. 407 F. Supp. 1000 (D.Minn. 1975), *aff'd in part, rev'd in part*, 543 F.2d 606 (8th Cir. 1976), *cert. withdrawn by agreement and dismissed*, 434 U.S. 801 (1977).

81. 407 F. Supp. at 1002-03.

82. 543 F.2d at 623.

83. The National Labor Relations Act divides the subject matter of collective bargaining agreements into two categories: mandatory and permissive. Mandatory matters include all subjects related to "wages, hours and other terms and conditions of employment," while permissive matters are ones that arise outside the scope of mandatory subject matter. The relevance of the distinction is that mandatory matters must be bargained for in good faith while there is no mandate that permissive matters be part of the collective bargaining agreement. SPORTS LAW, *supra* note 12, at §6.3b.

84. 543 F.2d at 614.

Labor law's exemption from federal antitrust laws is premised on the preeminence of labor law policy favoring collective bargaining as opposed to the free competition interests of antitrust law.[85] The *Mackey* court's limitation of the exemption may be attributed to the court's belief that, since labor law policy is not sufficiently involved in this situation, it does not deserve preeminence over antitrust laws unless certain conditions are met.[86] In *Mackey*, the court held that the exemption did not apply because the "Rozelle Rule" was not the product of a bona fide arm's-length collective bargaining agreement.[87] However, *Mackey* served as precedent for other courts to approve of the exemption in subsequent player restraint cases.[88]

As previously discussed, under the Supreme Court trilogy, MLB has enjoyed exemption from federal antitrust law for over seventy years.[89] As a result, the MLBPA is significantly weaker than other professional sports' players associations because of its inability to challenge baseball's labor practices under federal antitrust laws. Thus, unlike other professional sports, collective bargaining remains the MLBPA's only means of redressing player grievances.

Accordingly, collective bargaining agreements between players associations and club owners dealing specifically with player movement and free agency have potentially eradicated the need for MLB's antitrust exemption. The underlying policy rationale of *Federal Baseball* no longer applies to professional baseball. Player challenges to the reserve clause, traditionally defended on grounds of the antitrust exemption, are now deferred to as a result of collective bargaining agreements and the concession of free agency.

D. The Precedential Effect of Federal Baseball

Since the Supreme Court's decision in *Flood v. Kuhn*,[90] the precedential effect of *Federal Baseball* beyond its specific application to professional baseball's reserve clause has been called into question. *Federal Baseball* and MLB's antitrust exemption were premised on the Supreme Court's finding in 1922 that baseball did not constitute inter-

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85. SPORTS LAW, *supra* note 12, at §6.3(i).

86. 543 F.2d at 614.

87. *Id.* at 616. The court also held that matters such as the league's reserve system are a condition of employment and thus a mandatory subject of collective bargaining. *Id.* at 615.

88. *See, e.g.*, McCourt v. Cal. Sports, Inc., 600 F.2d 1193 (6th Cir. 1979) (exempting the Nat'l Hockey League's reserve system from federal antitrust laws under the league's collective bargaining agreement).

89. *See supra* text accompanying notes 22-56.

90. 407 U.S. 258 (1972).

state commerce.[91] The Supreme Court reversed itself in *Flood*, where it declared that baseball was indeed interstate commerce.[92] However, although the Court's rationale underlying *Federal Baseball* no longer existed, the Supreme Court did not abrogate the exemption.[93] Instead, the Supreme Court arguably attempted to limit the exemption's applicability to the reserve clause.

The importance of ascertaining the extent of the exemption concerns the scope of potential labor violations of the antitrust laws. Provided the labor matter is not part of a collective bargaining agreement enjoying the labor exemption, antitrust disputes may arise in two contexts. First, the dispute may concern the labor market, such as in the reserve clause and player restraint context, where owners try to monopolize the market for baseball players. Second, the dispute may involve the product market or the market for professional baseball as a commodity. Arguably, the Court in *Flood* attempted to limit MLB's exemption to the reserve clause and labor market context.

There is no question, that MLB's antitrust exemption extends only to matters that are central to the business of baseball.[94] But, the pertinent issue after *Flood* is whether the exemption applies to the game in general, or whether it is limited to disputes between players and owners in the player restraint context and the labor market. The only case to consider this issue is *Charles O. Finley & Co. v. Kuhn*.[95] In *Charles O. Finley & Co.*, the corporate owner of the Oakland Athletics charged MLB with antitrust violations for the league's failure to approve the sale and assignment of three player contracts to other teams.[96] The Seventh Circuit Court of Appeals affirmed the district court's dismissal of the antitrust violation claim on the basis of the MLB antitrust exemption.[97] On appeal, the plaintiff unsuccessfully argued that the Supreme Court's decision in *Flood* limited the antitrust

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91. *See supra* text accompanying note 22.

92. *Flood*, 407 U.S. at 282.

93. *See supra* text accompanying notes 42-56.

94. Postema v. Nat'l League of Professional Baseball Clubs, 799 F. Supp. 1475, 1489 (S.D.N.Y. 1992) (while baseball exemption immunizes baseball from antitrust challenges to its league structure and its reserve system, it does not provide baseball with blanket immunity for anti-competitive behavior in every context in which it operates, including baseball's employment relationship with its umpires); Henderson Broadcasting Corp. v. Houston Sports Ass'n, Inc., 541 F. Supp. 263, 271 (S.D.Tex. 1982) (holding that exemption does not extend to cover broadcasting of baseball games).

95. 569 F.2d 527 (7th Cir. 1978), *cert. denied*, 439 U.S. 876 (1978).

96. *Id.* at 531. This dispute arose out of the Oakland Athletics' attempt to sell its rights to Joe Rudi, Rollie Fingers and Vida Blue to the Boston Red Sox and the New York Yankees. Kuhn, the Commissioner of Major League Baseball, disapproved the sale "as inconsistent with the best interests of baseball . . . ." *Id.*

97. *Id.* at 544.

exemption to the reserve clause.[98] The Seventh Circuit disagreed finding that a reading of the Supreme Court trilogy illustrates the Supreme Court's intent "to exempt the business of baseball, not any particular facet of that business, from the federal antitrust laws."[99]

The importance of determining the exemption's scope is magnified by the differing contexts in which antitrust violations may arise. The player mobility restraint cases involving baseball's reserve clause arise in the labor market context of baseball's monopoly on players' services. There is no dispute that in this situation, MLB is exempt from federal antitrust laws. Potential antitrust violations may also arise, however, in the context of baseball's monopoly on the market for professional baseball, the product market. The issue after *Flood* is whether MLB should be exempt from federal antitrust laws here as well.

III. THE *PIAZZA* DECISION

The Eastern District Court of Pennsylvania was the first federal court to specifically limit MLB's antitrust exemption to professional baseball's reserve clause. In *Piazza v. Major League Baseball*, a group of Tampa Bay investors filed suit against MLB for Sherman I and II antitrust violations arising out of MLB's disapproval of their contract to purchase and relocate the San Francisco Giants.[100] The Tampa Bay investors alleged that MLB conspired to eliminate all market competition, to exclude their participation in the relevant market, to establish a monopoly over the relevant market, and to unreasonably restrain trade by denying the sale, transfer, and relocation of the Giants to the Tampa Bay area.[101] In a motion to dismiss, MLB raised the antitrust exemption granted in *Federal Baseball* as a defense to the investors' cause of action.[102] The district court, holding that the exemption is limited to the reserve clause, denied MLB's motion.[103]

The district court's decision on the exemption issue in *Piazza* essentially consists of three parts. First, the court analyzed the development of the MLB antitrust exemption and the Supreme Court trilogy.[104] Second, the court analyzed the Supreme Court's decision in *Flood* and concluded that the application of *stare decisis* limits the exemption to

98. *Id.* at 540.
99. *Id.* at 541.
100. 831 F. Supp. 420 (E.D. Pa. 1993).
101. *Id.* at 424.
102. *Id.* at 429.
103. *Id.* at 438. The *Piazza* court subsequently denied MLB's attempt to appeal its decision and set the case for trial in July 1994.
104. *Id.* at 433-35.

the reserve clause.[105] Finally, the court distinguished its analysis from the Seventh Circuit's *Charles O. Finley & Co.* decision, which holds that the exemption was not limited to the reserve clause.[106] Based on this framework, *Piazza* essentially eradicated the modern utility of the MLB antitrust exemption.

In reading *Piazza* and understanding its impact on the continuing vitality of the MLB antitrust exemption, it is of paramount importance to first define the relevant market involved. In contrast to player restraint cases, which involve the labor market where the exemption is most applicable, the relevant market in *Piazza* is the product market, or the market for professional baseball teams. The court defined this market as the market for American and National League baseball teams.[107] The antitrust violations alleged in *Piazza* were based on MLB's monopolization of this market and its attempt to exclude the Tampa Bay investors from competing in this market. Professional baseball's reserve clause and its exemption from antitrust laws in the player restraint context presents a distinct and separate issue.

From this perspective, analysis of the *Piazza* court is easy to understand. In its discussion of the Supreme Court trilogy, the court identified two steps in what it characterized as the stripping from "*Federal Baseball* and *Toolson* any precedential value those cases may have had beyond the particular facts there involved, *i.e.*, the reserve clause."[108] The court first noted that *Flood* rejected the reasoning of *Federal Baseball* and held professional baseball to be a business engaged in interstate commerce.[109] Noting that this determination "entirely undercut the precedential value of the reasoning of *Federal Baseball*," the *Piazza* court found that *Flood* then attempted to "justify the continued precedential value of the result *of that decision*."(emphasis added)[110] The court found the Supreme Court's awkward attempt to rationalize the enduring precedential value of *Federal Baseball* to be based on "continued positive congressional inaction and concerns over retroactivity."[111]

The *Piazza* court then attempted to justify its decision limiting the antitrust exemption to the specific facts presented in *Federal Baseball*, that is, the reserve clause. *Piazza* rationalized its decision under the principle of *stare decisis* and the distinction between rule *stare decisis*

105. *Id.* at 435-36.
106. *Id.* at 436-38.
107. *Id.* at 430.
108. *Id.* at 436.
109. *Id.*
110. *Id.*
111. *Id.*

and result *stare decisis*.[112] *Stare decisis*, the court stated, involves the principle that courts are bound to adhere to both the explication of rules of law (the reasoning of the case), and the result of the case.[113] With the reasoning of *Federal Baseball* eliminated when the Supreme Court's found in *Flood* that professional baseball is a business engaged in interstate commerce, *Piazza* found that courts are only bound by the result of *Federal Baseball*.[114] Accordingly, the district court said that *stare decisis* mandates that only the result of *Federal Baseball*, not the reasoning and its applicable rule of law, continues to have precedential value. Thus, the court reasoned that MLB's antitrust exemption is limited to the facts presented in *Federal Baseball* — the exemption of the reserve clause.[115]

The final step of the court's analysis was to distinguish the Seventh Circuit's contrary holding in *Charles O. Finley & Co.*, which it did on three grounds. First, the court noted that neither *Charles O. Finley & Co.* nor any other decision had attempted such a thorough analysis of the Supreme Court trilogy.[116] Second, the court noted that *Charles O. Finley & Co.* was persuasive, not mandatory authority, and would not be followed.[117] Third, the court noted that antitrust exemptions are to be narrowly construed and that the application of this principle is critical because the exemption "has been characterized by its own creator as an 'anomaly' and an 'aberration.'"[118]

IV. LIMITING MLB'S ANTITRUST EXEMPTION TO THE LABOR MARKET

The *Piazza* court, while continuing to abide by Supreme Court precedent, has effectively reduced the MLB antitrust exemption to an irrelevant status. *Piazza* successfully limited the exemption to professional baseball's reserve clause through the creative utilization of *stare decisis*.[119] By identifying the characteristics of legal opinions and the

112. *Id.* at 437-38.

113. *Id.* at 438.

114. *Id.*

115. *Id.* The court noted, however, that if the rule and reasoning of *Federal Baseball* were applied, the issue of whether the MLB antitrust exemption immunized MLB in this case would not be ripe. *Id.* at 441. The court would first have to determine that activities giving rise to the alleged antitrust violation were central to the business of baseball, and thus, entitled to the exemption. *Id.* at 440-41. This result is necessary because only activities central to professional baseball are entitled to the exemption. *See* Postema v. Nat'l League of Professional Baseball Clubs, 799 F. Supp. 1475, 1489 (S.D.N.Y. 1992); Henderson Broadcasting Corp. v. Houston Sports Ass'n, Inc., 541 F. Supp. 263, 271 (S.D. Tex. 1982) (exemption does not extend to cover broadcasting of baseball games).

116. *Piazza*, 831 F. Supp. at 437.

117. *Id.*

118. *Id.* at 438.

119. *See Piazza*, 831 F. Supp. at 438.

reasoning behind *stare decisis*, the *Piazza* court's technique may be identified and the decision's appropriateness recognized.

Piazza is premised upon a general understanding of the principles underlying judicial decision making and *stare decisis*. The process of judicial decision making may be characterized as a syllogism involving three steps: first, the court must determine the applicable rule of law; second, the court must ascertain the relevant facts; third, the court reaches its decision by applying the applicable rule of law to the relevant facts.[120] The application of the rule of law to the facts to reach a decision forms the court's *rationes decidendi*, or reasoning of the case.[121] Recognizing these three steps as an essential part of the judicial process is integral to understanding the effectiveness of the *Piazza* court's decision.

The doctrine of *stare decisis* is susceptible to more than one interpretation. The orthodox interpretation of *stare decisis* means to "keep to the *rationes decidendi* of past cases."[122] The literal interpretation, however, is "to stand by decisions."[123] *Piazza* recognized that this difference in interpretation of the doctrine merely acknowledges that the precedential binding effect of a decision actually consists of both rule *stare decisis* and result *stare decisis*.[124]

Rule *stare decisis* is the binding effect in precedent of the applicable rule of law as part of the *rationes decidendi*.[125] It is the court's adherence to a rule of law in order to acquire a just decision,[126] and is founded on the apparent predictability of judicial decisions.[127] It is believed that the articulation and application of a rule of law as part of the *rationes decidendi* "serves to increase the uniformity, deliberateness, correctness, impersonality, and objectivity of judicial decisions, serving as a check on judicial arbitrariness and bias."[128] The judicial system fosters these values by adhering to the binding rules of law established in prior decisions.

The second component of *stare decisis* consists of the result attained in a particular case. Result *stare decisis* is the binding effect of a prior court's decision irrespective of the rule of law used in the *rationes de-*

120. James Hardisty, *Reflections On Stare Decisis*, 55 IND. L.J. 41, 43 (1979).

121. Planned Parenthood of Southeastern Pa. v. Casey, 947 F.2d 682, 691-92 (3rd Cir. 1991), *aff'd in part and rev'd in part*, 112 S. Ct. 2791 (1992).

122. Rupert Cross, *Different Meanings of Stare Decisis*, *in* THE JUDICIAL PROCESS: READINGS, MATERIALS AND CASES 787 (Ruggero J. Aldisert ed., 1976).

123. Hardisty, *supra* note 120, at 41 n.4.

124. *Id.* at 52-53.

125. *Id.* at 53, 57.

126. *Id.* at 53.

127. *Id.* at 55.

128. *Id.*

cidendi.[129] Whether the court applied a pre-existing rule of law or created a new rule of law, result *stare decisis* simply compels adherence to a prior decision's result. Precedence is characterized as "similarity in results follows similarity in facts and a difference in results reflects a difference in facts."[130] Thus, the American system of precedent is based upon adherence to both the reasoning and result of a case.[131]

The importance of recognizing that *stare decisis* compels the adherence to both the *rationes decidendi* and the particular result of a case is illustrated when considering its actual binding effect on subsequent cases. When an appellate court is confronted with an issue, it may do one of two things. The court may decide the case in accordance with precedent, in which the court is said to have adhered to *stare decisis*; or, the court may decide the case contrary to precedent, in which the court is said to overrule the decision.[132] Thus, the phrase "to overrule a decision" may be seen as an antonym of *stare decisis*.[133]

However, a court may comply with *stare decisis* without overruling precedent by distinguishing the present case on the basis of either the *rationes decidendi* or the result of the case.[134] This situation is present when either the case to be decided presents facts that are materially different from binding precedent or the deciding court reached its decision without considering the rule of law as part of the *rationes decidendi* of the precedent.[135] Thus, a court does not overrule precedent if it merely distinguishes it upon rule *stare decisis* or result *stare decisis*. Rather, the deciding court's decision is consistent with stare decisis if it distinguishes precedent on either basis.

When these principles are applied to the situation presented in *Piazza*, it is easy to discern the propriety of the district court's decision. First, one must identify the syllogism presented by the Supreme Court's decision in *Federal Baseball*. The applicable rule of law is that the monopolization of interstate commerce violates federal antitrust laws.[136] The relevant facts, as determined by the Supreme Court in 1922, are that professional baseball's reserve clause did not affect in-

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129. *Id.* at 56.

130. *Id.*

131. In contrast, the English system of precedent places less reliance on the reasoning of a case and merely relies on the specific result of a case. Planned Parenthood of Southeastern Pa. v. Casey, 947 F.2d at 692 (3rd Cir. 1991), *aff'd in part and rev'd in part*, 112 S. Ct. 2791 (1992).

132. Hardisty, *supra* note 120, at 59.

133. *Id.*

134. *Id.*

135. *Id.* at 61.

136. *See* Federal Baseball Club of Baltimore, Inc. v. Nat'l League Of Professional Baseball Clubs, Inc., 259 U.S. 200 (1922).

terstate commerce.[137] The Court reasoned that since baseball's effect on interstate commerce was merely an incident to the game itself, it was not engaged in interstate commerce.[138] Thus, the result is that professional baseball and its reserve clause are not subject to federal antitrust laws.[139]

The Supreme Court has continued to adhere to this precedent for over seventy years, but its underlying rationale was extracted in *Flood*. Although the Supreme Court mandated continued adherence to *Federal Baseball*, its determination that professional baseball constitutes interstate commerce severely limited its precedential effect.[140] *Piazza* recognized this limitation as deriving from the undermining of the Supreme Court's *rationes decidendi* in *Federal Baseball*.[141]

By subverting the Supreme Court's reasoning, the *Piazza* court concluded that it was only compelled to adhere to the result of the Supreme Court trilogy,[142] and premised its decision upon result *stare decisis*. It also distinguished the facts of *Piazza* from *Federal Baseball*. *Federal Baseball* dealt with professional baseball's reserve system and monopolization of the labor market in the player restraint context.[143] *Piazza* deals with the monopolization of the product market in the context of restraining franchise mobility.[144] Thus, *Piazza* adhered to the principle of *stare decisis* and *Federal Baseball* while denying MLB the use of the antitrust exemption.

The *Piazza* decision represents the natural evolution of a legal anomaly that has persisted for over seventy years. Limiting the MLB antitrust exemption to the player restraint context effectively diminishes the exemption's legal relevancy in modern labor disputes. Today, player restraint issues are focused upon free agency and are adequately dealt with through collective bargaining agreements.[145] The legal relevancy of the exemption is further reduced due to the labor exemption provided to the labor market issues dealt with through collective bargaining agreements. Thus, *Piazza* merely provides a recog-

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137. *Id.* at 209.

138. *Id.* at 208-09.

139. This is the exact conclusion reached by the Supreme Court trilogy. *See* Federal Baseball Club of Baltimore, Inc. v. Nat'l League Of Professional Baseball Clubs, Inc., 259 U.S. 200 (1922); Toolson v. New York Yankees, Inc., 346 U.S. 356 (1953); Flood v. Kuhn, 407 U.S. 258, 282 (1972).

140. *Flood*, 407 U.S. at 282.

141. Piazza v. Major League Baseball, 831 F. Supp. 420, 436 (E.D. Pa. 1993).

142. *Id.* at 438.

143. *See* Nat'l League of Professional Baseball Clubs v. Federal Baseball Club of Baltimore, Inc., 269 F. 681, 682 (D.C. Cir. 1920), *aff'd*, 259 U.S. 200 (1922).

144. *Piazza*, 831 F. Supp. at 422-23. *See also* text accompanying notes 1-9.

145. *See* text accompanying notes 57-86.

nizable death to a legal anomaly that has essentially already perished.

Piazza is important for its effect on antitrust violations in the product market and franchise mobility context rather than on the labor market and player restraint context. Although the exemption has practically no utility in modern labor disputes, it remains potentially applicable to the product market.[146] *Piazza* in effect nullifies this potential by limiting the exemption to the labor market and the player restraint context. This limitation is conceivable in light of the Supreme Court's undermining of the rationale in *Federal Baseball* and the continuing accession of the resolution of labor disputes through collective bargaining.

The *Piazza* decision can also be justified upon the principles of fundamental fairness and accountability. Without passing judgment on the allegations presented by the Tampa Bay investment group concerning MLB's disapproval process, MLB simply cannot enjoy a status of total legal immunity. Certainly it was not the Supreme Court's intention in 1922, or Congress's intention later through its inaction, to grant MLB broad exemption from all potential liability. Although the exemption is limited to activities closely related to the business of professional baseball,[147] further limiting the exemption to monopolization of the labor market in the player restraint context simply makes sense.

Even if the Supreme Court contemplated holding MLB exempt from activities that restrain interstate commerce in the product market context in *Federal Baseball*, Justice Holmes noted the potential for professional baseball to evolve into the mass conglomerate involved in interstate commerce that it represents today. By recognizing this potential, the Supreme Court left open the possibility that baseball would one day engage in interstate commerce and be subject to federal antitrust laws.[148]

Professional baseball does engage in interstate commerce; that dispute no longer exists.[149] However, both the Supreme Court and Congress have been unwilling to overrule *Federal Baseball*. Thus, faced with congressional passivity and the Supreme Court mandate to fol-

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146. However, the restraint on the product market would have to be "central enough to baseball to be encompassed in the baseball exemption." Postema v. Nat'l League of Professional Baseball Clubs, 799 F. Supp. 1475, 1489 (S.D.N.Y. 1992) (quoting Henderson Broadcasting Corp. v. Houston Sports Ass'n, 541 F. Supp. 263, 265 (S.D.Tex. 1982)).

147. *Id.*

148. *See* Toolson v. New York Yankees, Inc., 346 U.S. 356, 360-61 (1953) (citing Hart v. B.F. Keith Vaudeville Exchange, 262 U.S. 271, 274 (1923)).

149. *See* Flood v. Kuhn, 407 U.S. 258, 282 (1972).

low precedent, the *Piazza* court merely interpreted *Federal Baseball*'s precedential effect to conform with prevailing social conditions.

Accordingly, the district court's decision in *Piazza* appropriately construed the parameters of the MLB antitrust exemption as being restricted to the facts presented in *Federal Baseball*. The exemption was originally intended to exempt professional baseball's reserve system, not to provide MLB with blanket immunity. Identifying and distinguishing between the market for professional baseball players' services and the market for professional baseball itself helps rationalize the exemption's continuing vitality. The exemption was intended to provide MLB immunity from monopolizing the labor market and should not be applicable today to the monopolization of the product market. In Tampa Bay's scenario, it is alleged that MLB has monopolized the product market by preventing the Tampa Bay investment group from competitively bidding for a professional baseball team.

The legitimacy of *Piazza* also is strengthened by recent congressional activity. Two bills are currently pending before Congress that would completely abrogate the MLB antitrust exemption. A bill introduced in the Senate Committee on the Judiciary proposes specific reversal of the Supreme Court trilogy creating and reaffirming the exemption, and the addition of a provision to the Clayton Antitrust Act declaring the applicability of federal antitrust laws to professional baseball.[150] A similar bill introduced in the House Committee on the

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150. S. 500, 103rd Cong., 1st Sess. (1993) provides:

SECTION 1. SHORT TITLE

This Act may be cited as the "Professional Baseball Antitrust Reform Act of 1993".

SECTION 2. FINDINGS.

The Congress finds that—

(1) the business of organized professional baseball is in, or affects, interstate commerce; and

(2) the antitrust laws should be amended to reverse the result of the decisions of the Supreme Court of the United States in Federal Baseball Club v. Nat'l League, 259 U.S. 200 (1922), Toolson v. New York Yankees, Inc., 346 U.S. 356 (1953), and Flood v. Kuhn, 407 U.S. 258 (1972), which exempted baseball from coverage under the antitrust laws.

SECTION 3. APPLICATION OF ANTITRUST LAWS TO PROFESSIONAL BASEBALL.

The Clayton Act (15 U.S.C. 12 et seq.) is amended by adding at the end of the following section:

"SEC. 27. Except as provided in Public Law 87-331 (15 U.S.C. 291 et seq.) (commonly know as the Sports Broadcasting Act of 1961), the antitrust laws shall apply to the business of organized professional baseball."

SECTION 4. EFFECTIVE DATE.

The provisions and amendments made by this Act shall take effect one year after

Judiciary proposes the same result, but without the explicit reversal of the Supreme Court trilogy and the amendment to the Clayton Antitrust Act.[151]

The pendency of these bills makes it apparent that even Congress finds troubling the potential misuse of monopoly power as alleged in the Tampa Bay case. Professional baseball may hold a special place in the hearts of Americans, but the MLB antitrust exemption was enacted to ensure the integrity of the game at a time when it was subject to dishonor. This same act of homage cannot now be manipulated to absolve America's pastime of the very actions that potentially defy that integrity.

V. CONCLUSION

In 1922, the Supreme Court declared professional baseball to be intrastate commerce and thus exempt from federal antitrust laws. For over seventy years, the MLB antitrust exemption has persisted as a unique legal anomaly. The Supreme Court has justified its refusal to abrogate the exemption on the basis of *stare decisis* and congressional inactivity. However, the scope of the exemption has recently been called into question with the Supreme Court's determination that professional baseball is indeed engaged in interstate commerce.

The federal district court in *Piazza* is the first court to redefine the exemption's parameters. *Piazza* recognizes the exemption's limited utility in labor market disputes and its potential unjust applicability in

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the date of the enactment of this Act and—

(1) shall apply to conduct that occurs and any agreement in effect after such effective date; and

(2) shall not apply to conduct that occurred before such effective date.

151. H.R. 108, 103rd Cong., 1st Sess. (1993) provides:

SECTION 1. FINDING

The Congress finds that the business of providing for profit public baseball games between teams of professional baseball players in a league and between such teams of rival leagues is in, or affects, interstate commerce.

SECTION 2. APPLICATION OF ANTITRUST LAWS TO PROFESSIONAL BASEBALL.

The antitrust laws shall apply to the business of providing for profit public baseball games between teams of professional baseball players and to leagues composed of teams of professional baseball players.

SECTION 3. DEFINITION.

For purposes of this Act, the term "antitrust laws" has the meaning given it in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12(a), except that such term includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent that such section 5 relates to unfair methods of competition.

SECTION 4. APPLICATION OF SECTION 2.

Section 2 shall not apply with respect to conduct occurring before the date of the enactment of this Act.

the product market context. As a result, the district court restricted the exemption to professional baseball's reserve system as contemplated by the Supreme Court in *Federal Baseball*. Hence, *Piazza* successfully restricted the MLB antitrust exemption while adhering to binding Supreme Court precedent and the principle of *stare decisis*.

The decision-making process utilized by MLB to disapprove of Tampa Bay's effort to purchase and relocate the San Francisco Giants presents several potential antitrust violations that have disturbed legislators as well as sports fans. These violations are directed at MLB's apparent monopolization of the market for professional baseball. The appropriateness of *Piazza* is apparent when one considers the fact that the exemption was originally intended to exempt professional baseball's monopolization of the labor market through its standard contract reserve clause. The present utility of the labor market exemption in the player restraint context is minimal due to the advent of collective bargaining. Accordingly, *Piazza* represents a restrictive judicial interpretation of a legal anomaly that should have been abrogated years ago, and whose utility has long since subsided.